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C O N F I D E N T I A L SECTION 01 OF 05 NICOSIA 000348

SIPDIS

DEPARTMENT FOR EUR/SE, EUR/ERA, IO/UNP

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SUBJECT: MAINTAINING POSITIVE MOMENTUM ON CYPRUS

REF: EMBASSY NICOSIA-EUR/SE EMAIL OF 02/14/08

Classified By: Ambassador Ronald Schlicher, Reasons 1.4 (b), (d)

¶1. (C) SUMMARY AND INTRODUCTION: Prospects for substantive progress toward a Cyprus solution appeared bleak in December 2007. RoC President Tassos Papadopoulos enjoyed a clear lead among Greek Cypriot voters, and re-election of the celebrated hard-liner seemed likely. North of the Green Line, an opposition "parliamentary" boycott and continued political infighting presented real threats to Mehmet Ali Talat's pro-solution CTP "government." The July 8 (2006) Agreement lay unimplemented, the sides unable even to agree on names for its envisioned technical committees and working groups. And doubts over UN Special Representative Michael Moller's continued employment -- Turkey and the Turkish Cypriots long had believed Moller harbored pro-Greek sentiments -- left UNFICYP in lame-duck status.

¶2. (C) Fast-forward to today and the picture grows considerably brighter. Voters disgruntled by Tassos's arrogance and his CyProb policies' failures dumped the crusty septuagenarian in February and replaced him with pro-solution leftist Demetris Christofias. Calls for early T/C elections in 2008 have mostly disappeared, as "opposition" UBP and DP have failed to capitalize on CTP's weaknesses. Christofias and Talat met March 21 and green-lighted a modified July 8 process; their representatives subsequently developed agendas for six working groups and seven technical committees that are meeting regularly and making headway. Ban Ki-Moon in April designated respected UN diplomat Taye-Brooke Zerihoun as Moller's replacement, a move both Cypriot communities welcomed, and is considering nominating a figure "of international standing" as his Special Adviser on Cyprus.

¶3. (C) Leaders Christofias and Talat met again on May 21 amidst a still optimistic (though guardedly so) climate. Emerging from the "summit" was a joint statement that clarified points of concern for both sides and called for additional stock-taking gatherings between the community's representatives. Left unclarified, however, was the 64,000-dollar question: whether and when full-fledged Cyprus Problem negotiations would commence, and on what basis. Both men have invested significant political capital in the preparatory process and desire it to morph into formal talks, yet the pressures they feel and the timetables they confront are distinctly different. For a variety of reasons, Talat needs an early start to negotiations and claims his side was ready yesterday. Christofias, on the other hand, must satisfy demands from his nationalist partners for ill-defined "progress" before he can agree to upgrade the process. The UN will not take a stand either way, committed as it is to facilitating, not imposing, a "Cypriot Solution."

¶4. (C) In February, the Embassy offered thoughts on re-energizing the then-stalled Cyprus process (Ref). Our goal was to see the impasse broken and the sides engaged in

serious, substantive negotiations before the end of 2008, an outcome that now seems reachable. This telegram recaps events on the island and elsewhere in the last four months, evaluates elements of our strategy as employed thus far, and provides additional suggestions to spur success. END SUMMARY AND INTRODUCTION

Change in Leadership Spawns Improved Climate

15. (C) Christofias's June 2007 decision to break the coalition and challenge Papadopoulos in the February 2008 presidential elections destroyed the sense of inevitability surrounding the incumbent's re-election prospects and offered hope that a more constructive CyProb stance might materialize on the G/C side. Still, most predicted the veteran politician would manage to emerge victorious on the strength of his nationalist credentials and proven capacity to resist "imposed" Cyprus solutions. It therefore came as great surprise when Tassos not only lost, but failed to advance to the second round. Reasons for his eventual defeat were many, but most analysts attributed the outcome to the incumbent's unsuccessful Cyprus policies -- he had failed to deliver a better solution than the 2004 Annan Plan, which he had actively demonized -- and to his personal arrogance. Local analysts here, perhaps optimistically, surmised that the two-thirds of the electorate voting against Papadopoulos preferred a new, less confrontational approach to the national issue.

16. (C) Victor Christofias belonged to this camp, and in

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substance and tone, sought to portray himself as the anti-Tassos. In one of his first actions upon taking office, he held a press conference for island and international journalists in which he made brief comments in Turkish -- unthinkable under the previous regime. He dumped hard-line Papadopoulos acolyte Tassos Tzionis as negotiator and replaced him with the more moderate (at least in G/C eyes) former Cypriot Foreign Minister, George Iacovou, then instructed Iacovou to engage T/C counterpart Ozdil Nami in hopes of energizing the July 8 process. Only three weeks into his tenure, Christofias managed to accomplish what Papadopoulos had failed to do in 18 months: secure a deal with the Turkish Cypriot side that would enable the working groups and technical committees (WG/TCs) to form and begin work. While Nami and Iacovou failed to reach agreement on the sticky issue of terms of reference for the groups, they did craft the agendas and a basic understanding on process. Six groups and seven committees commenced meeting in April.

Sides' Impressions of Process Progress Varies

17. (C) In the month since the WG/TC process began, the Embassy has met Iacovou and Nami, a majority of the sides' committee leaders, and a half-dozen UN facilitators, seeking readouts and urging constructive engagement. Unsurprisingly, accounts of the WG/TCs' activities and progress achieved thus far have differed greatly, with the facilitators' observations normally falling somewhere in between. Underpinning in part the differing perceptions are the sides' divergent approaches and goals vis-a-vis the current process. Turkish Cypriots discount the need to "prepare the ground" for full-fledged negotiations, a current G/C demand. Forty-four years of CyProb negotiations mean few issues are left to tackle, they argue, and the sides' positions on core matters are clear to all. Further, the Turkish side argues, the July 8 Agreement, which Talat contends he felt pressured to sign, was but Tassos Papadopoulos's electorally-motivated attempt to convince a then-skeptical international community that there existed an active process. (Comment: Here, Turkish Cypriots ignore the fact that the sides reached ad

referendum agreement to start the July 8 process in March 2007. The T/Cs backed out, however, after a secret visit to the island by Turkish MFA Undersecretary Ertugrul Apakan later that month. End Comment) T/Cs wish to commence formal negotiations soonest, with Christofias and Talat regularly meeting and instructing their respective teams to handle technical and substantive details. It thus follows suit that our Turkish Cypriot interlocutors mostly have praised the WG/TCs' work so far, particularly that of the economy, EU affairs, and governance working groups. Expected examples of non-convergence in the property, territory, and security/guarantees WGs were wholly expected, they explain, since only the leaders themselves could hope to resolve these complex, political-in-nature disputes.

18. (C) Papadopoulos likely was seeking electoral benefit from July 8, and his minions did stall the process for months with demands such as "Undertake a detailed study of federal governments in place throughout the world" (the G/C side's slow-down was roughly from July 2006 to March 2007, at which point Talat, in hopes of subverting Papadopoulos's electoral prospects, took his turn at delaying the process). Yet the 2006 agreement also reflected a more mainstream G/C aim: to devise a new basis for a Cyprus settlement bereft of "asphyxiating" timetables and international arbitration, ensuring that new talks did not commence where the "imposed" and "unworkable" Annan Plan left off. Christofias therefore surprised many observers when he approved the March 21 arrangement, which stipulated that the leaders had "agreed to meet three months from now to review the work of the working groups and technical committees, and using their results, to start full-fledged negotiations under the auspices of the UN Secretary General." Barely two weeks after Moller read the statement, however, government officials applied caveats, claiming that G/Cs would only allow formal talks if the groups and committees had delivered tangible (but undefined) progress. With few exceptions, Greek Cypriot media and some staffers on the WG/TCs have called their T/C counterparts intransigent, controlled by Ankara, determined to revive the dead-and-buried Annan Plan, and unwilling to engage in brainstorming or other constructive activities.

19. (C) Feeling similarly intense but substantively different pressure -- Talat to obtain a date for formal talks to commence, and Christofias to win commitment for real progress from the WG/TCs -- the leaders met again on May 23 and issued a joint statement. Neither man got all that he wanted from

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the "summit," but the document in general was balanced. The leaders "reaffirming their commitment to a bi-zonal, bi-communal federation with political equality as defined by relevant Security Council resolutions" calmed G/C fears that Turkey and the Turkish Cypriots were working toward a loose confederation or two-state solution. Meeting T/Cs' political needs regarding terminology, the statement also described a partnership having a federal government, as well as politically equal Turkish Cypriot and Greek Cypriot constituent states. Our contacts north of the Green Line liked the communique, and press coverage spun generally positive. Most Greek Cypriot media, many still hewing the Papadopoulos line, argued the text heavily favored Talat's positions, however. Surprised by the attack, the Christofias team went immediately on the defensive and repeated its demands for progress before the next leaders' meeting, planned for the second half of June.

Plenty of Reason to Push the Process

10. (C) While we're not yet chilling champagne or readying fireworks, the sides have made notable CyProb advances the last few months. In the run-up to the May 23 gathering, however, we were worrying over a possible derailment. What would happen if Talat, insisting on a strict interpretation

of the March 21 communique's 90-day negotiations calendar, engaged a similarly dug-in Christofias, demanding unspecified progress in the WG/TCs before he could bless formal talks? Happily, that clash never occurred. In a May 28 lunch with P-5 ambassadors, UNFICYP leader Zerioun reasoned that the leaders' recent meeting and their commitment to engage again in mid-June had rendered moot the 90-day deadline. Besides, the UN had no desire to box in either side based on a need for a few additional weeks of preparatory talks. Turkish Cypriot contacts expressed a surprisingly similar position, with Talat spokesman Hasan Ercakica implying May 28 that T/Cs would be "tolerant" of Christofias's domestic political needs. A two- or three-week extension would be acceptable, we inferred; two or three months would not.

¶11. (C) Even without an imminent deadline, pushing the process forward makes sense for numerous reasons. Talat's CYP may not face a serious political threat today, but by no means are they comfortably ensconced in power. A decaying economy, an inability to deliver measurable CyProb progress despite a campaign platform promising it, and an opposition recently buoyed by positive polling numbers all conspire against the party's continued dominance in "parliament." Should nationalist UBP somehow regain power via early elections (unlikely before 2009, but not impossible), the change would represent a step away from solution. Christofias's grip on government is not nearly so tenuous. That said, he, too, won election on a pro-solution stance, and failure of the current process would undoubtedly spawn a public and influential "I told you so" from the hard-line camp.

¶12. (C) The international community's many "Type A" personalities would love to roll up their sleeves and get involved directly in the current process. Such an approach looks counter-productive, however. While Papadopoulos's ouster reduced somewhat the Greek Cypriots' aversion to an proactive international role (especially by the Americans and British), that sentiment has not disappeared. In fact, the G/C side has cottoned to a phrase attributed ironically to resident UK High Commissioner Peter Millet and repeated often by top UNFICYP officials -- "the solution must be a Cypriot one." Any overt pressure on the G/C side to agree by X date to start full-fledged negotiations likely would put Christofias into a corner and force him to push back. Turkish Cypriots have not bought into the "Cypriot Solution" model, however, and would prefer the UN to return to its traditional mediation (vice facilitation) role.

Revisiting the Short-term Strategy

¶13. (C) Four months ago, when a Papadopoulos re-election seemed likely, the Embassy submitted its suggestions on overcoming the President's intransigence in order to get to full-fledged negotiations; the Department and our sister missions subsequently contributed as well (Ref). While the efforts of the Embassy and broader USG were not the driving force behind the improved negotiating climate and recent (albeit limited) substantive progress -- G/C voters deserve that accolade -- they did convey a sense of reward to the

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sides for taking positive steps. Recapping our strategy memorandum, in the 120-day interim we managed to:

- Prevent U.S.-Cypriot relations from becoming a factor in the presidential elections, maintaining cordial relations with all candidates. Christofias privately believes this stance helped him win the election;
- Press both sides to voice continued support for spirit (if not process) of July 8 agreement;
- Lobby T/C authorities and resident Turkish leaders to take bold step on Ledra Street crossing (it opened in April);
- Convey message of USG support to newly-elected President

Christofias; he subsequently voiced his hope that bilateral ties strengthen further;
-- Urge Christofias to meet Talat immediately;
-- Engage UN elements locally, in Washington, and in New York for the deployment of an assessment mission; it was received well here and generated a helpful UNSC Presidency statement;
-- Voice publicly USG support for an eventual UN Good Offices mission;
-- Conduct necessary legwork for assigning a U.S. Special Cyprus Coordinator; and
-- Help shape message in UNFICYP's June report to the Security Council.

¶14. (C) Two as-yet-unimplemented strategy elements merit our immediate attention. In February, we envisioned deploying a high-level U.S. official to visit Cyprus after the UN mission departed, aiming to "spur movement via July 8 to get to substantive negotiations ASAP." Cypriots in both communities value Washington's attention, and rarely do we engage MFA contacts or journalists and not receive inquiries over planned visits by prominent USG officials. We continue to believe that an A/S-level (or above) call holds great value in leveraging our own efforts to break down the last barriers to formal negotiations. His message would require careful fine-tuning, voicing our desires and expectations for the process without seeming overly demanding; we should aim strongly to support a process, but not be saddled with ownership of it. As to timing, we suggest late June; at that point, the leaders will have just met, presenting our visitor the opportunity either to congratulate or chide the outcome. Our British colleagues have informed us that the RoC has promised to repeal formally the "Jack Straw rule" that prohibits visitors from seeing President Christofias if they also intended to see Talat in the "TRNC Presidential Palace" (the Brits recently were forced to postpone a visit by their Europe Minister on its account). The success of our VIP call depends on our ability to engage both leaders.

¶15. (C) As much as the Cypriots would appreciate a high-level visitor, they would value the appointment of a USG Special Cyprus Coordinator (SCC) even more. At this point, however, we see little benefit in taking this step before the sides agree to full-fledged talks. The UN would seem to agree; while last week we heard from normally reliable UNFICYP contacts that Ban Ki-Moon had offered the Special Advisor on Cyprus job to former Australian Foreign Minister Alexander Downer, Zerihoun informed us May 28 that the decision had not yet been made. Perhaps the UN shares our hesitancy -- without the commitment of the communities to formal talks, what might their Adviser and our Coordinator actually do? On the other hand, there may be some utility in public mention of our intent to nominate, based on progress in the local talks. Such a message could come either from the DOS spokesman in Washington, the Ambassador, or our high-level USG visitor.

Help, Not Hindrance, From Ankara

¶16. (C) Nearly all Greek Cypriots publicly lament -- and some Turkish Cypriots privately concur -- that Turkey truly calls the shots in northern Cyprus. We know the interplay between T/C authorities, civilian leaders in Ankara, and the Turkish General Staff is more complex than that, yet we cannot dispute that mainlanders play outsized roles in shaping T/C thinking on the national problem. On security matters, we would even argue the TGS has near-exclusive authority, most recently shown in its handling of the Ledra Street opening. Turkey has genuine interests at play in the negotiations, of course. It will even have a formal role, when and if the sides begin tackling final status and the 1960 founding treaties, which gave Ankara guardianship responsibilities in Cyprus. Yet at this stage in the process, a light, "enabling" touch from the mainland would benefit the process immensely. It would allow Talat needed room to maneuver, to make the tough compromises necessary to

satisfy G/C demands for progress from the WG/TCs. South of the Green Line, a halt in "provocative" acts and statements, such as the recent pronouncement of Turkey's NSC-equivalent, would help insulate Christofias from his own nationalist "allies" and dispel somewhat the belief that Ankara stands in the way of a deal. Last, Ankara itself stands to benefit, especially as its EU accession review grows nearer, since all signs point to Brussels and member-states demanding that Turkey more actively support a Cyprus solution. We therefore urge that the Department, Embassy Ankara, USEU, USUN, and others convey this message in their high-level interactions with Ankara's political and military leadership.

SCHLICHER